



changed its name to “Tyler Technologies, Inc.” Tyler’s entry into the local public sector marketplace occurred through a series of acquisitions. Over the past eleven years, Tyler has acquired more than twenty-five different companies. Some of the criteria utilized by Tyler in making an acquisition include: strong, entrepreneurial management team; quality employee base with product and industry expertise; long-term proven financial results; geographic location; and breadth and depth of product offerings. Many of Tyler’s acquisitions involved companies owned by individual entrepreneurs that had operated in the applicable market segment for several years. As Tyler has acquired companies over the years, it has retained after the acquisition the exempt or nonexempt classifications that existed at the time of the acquisition under the predecessor company.

5. Following these acquisitions until 2005, Tyler continued its historical legal structure and business operating practice, whereby the acquired companies continued to operate as independent, wholly-owned subsidiaries. In February 2005, the legal structure of Tyler changed as all of its then-existing subsidiaries were merged into Tyler, primarily for tax-related reasons. Since 2005, new acquisitions are merged into Tyler upon consummation of the acquisition transaction.

6. From a business operations perspective, Tyler historically operated as a collection of de-centralized subsidiary units. The prior owners / founders of the acquired subsidiaries generally retained the title of “President” for their respective company and continued to operate and manage their respective company independently and consistent with its historical practice. Tyler did not engage in the practice of consolidating resources and functions on a company-wide basis; rather, each Tyler subsidiary was given the latitude to continue to operate its business as it did pre-acquisition by Tyler. For example, each subsidiary retained its own accounting

department, human resources department, sales staff, software developers, product implementation personnel, and other positions. Each subsidiary also maintained discretion with respect to product-based and other competitive decisions. For example, some of Tyler's acquisitions involved companies with similar, directly competing products, and the subsidiaries would actively compete against each other for new business post-acquisition.

7. Following the internal mergers in February 2005, Tyler maintained much of the same operating structure through the creation of internal "groupings". While not a formal legal structure, the Tyler "groups" represent an internal organizational and reporting structure and are organized in a manner consistent with Tyler's historical operating subsidiaries. Tyler's principal groups include the following: (a) Financial Management (Large Cities) and Education; (b) City Solutions (Small Cities); (c) Courts and Justice; and (d) Property Appraisal and Tax. Each group consists of a "flagship" office, which was a former large operating subsidiary, as well as other former subsidiaries that report financial results through that flagship office, but do not necessarily consolidate resources or other operations with and through that office. For example, the Financial Management (Large Cities) group is currently comprised of the following individual, distinct companies once acquired by Tyler: MUNIS, Inc. based in Falmouth, ME; Eden Systems, Inc. based in Renton, WA; Advanced Data Systems based in Bangor, ME; Gemini Systems, Inc. based in Falmouth, ME (employees now located at the MUNIS office); GBF Information Systems, Inc. based in Falmouth, ME (employees now located at the MUNIS office); TACS, Inc. based in Woburn, MA; MazikUSA, Inc. based in Chicago, IL; School Information Systems, Inc. based in St. Louis, MO; EDP Enterprises, Inc. based in Longview, TX; Olympia Computing Company, Inc. based in Olympia, WA; PulseMark LLC based in St. Charles, MO; and VersaTrans Solutions Incorporated based in Albany, NY.

8. Each group, as well as each divisional office within a group (each, an “office” or “division”), maintains a certain level of autonomy with respect to its individual operations. Most of these former subsidiaries or divisions maintain the same management and organizational structure as when they operated as distinct companies prior to Tyler’s acquisition, including maintaining separate implementation staffs, support staffs, accounting staffs and human resources staffs. Many of the divisions continue to offer the same products as they did prior to Tyler’s acquisition of the applicable company, even if such products are duplicative with other Tyler divisions. In addition, most of these former subsidiaries continue to provide and deliver customer-related services in a manner that is consistent with their historical practice, without consolidated directive from Tyler. With respect to Tyler’s employees, employment decisions, job postings, job descriptions and responsibilities, and compensation plans, including amounts and structure, generally are established at the individual divisional level by local management, not corporate or “group” policy or practice.

9. Each division varies both in size as well as breadth of product offering, which is representative of the particular company’s business when it was acquired by Tyler. Many divisions maintain multiple physical office locations, as locations from the original acquisition have generally stayed intact.

10. On September 4, 2007, Tyler acquired all of the issued and outstanding stock of EDP Enterprises, Inc. (“EDP”). EDP, based in Longview, Texas, provides software solutions to schools. While EDP reports its financial results up through the Tyler Financial Management (Large Cities) and Education group, much of the day-to-day operations of EDP are still managed at the local office level. Management at EDP continues to have discretion over employee-related

matters, including hiring and firing, job postings, descriptions and responsibilities, compensation, and other employee-related decisions.

11. Tyler offers a wide range of software solutions, which are designed to integrate information across all facets of a local government, school, or not-for-profit organization. Each product is intended to be tailored to specifically meet the needs, internal business practice, local legislative demands, and any other requirement of the particular client. The design, development, implementation and servicing of these products is complex in nature.

12. Tyler's Financial Management (Large Cities) and Education group includes three principal business lines: (a) financial management solutions for mid- to large-sized cities and schools; (b) student information systems; and (c) student transportation systems. Included within this group is the flagship office of the former subsidiary, "MUNIS, Inc." based in Falmouth, ME, as well as at least eleven other divisions representing former companies acquired by Tyler. There are 20 physical office locations within Tyler's Financial Management (Large Cities) and Education group. The solutions offered by these various offices include, without limitation: modular fund accounting (including, without limitation, general ledger, budget preparation, fixed assets, requisitions, purchase orders, bid management, accounts payable, contract management, accounts receivable, investment management, inventory control, project and grant accounting, work orders, job costing, GASB 34 reporting, payroll, and human resources); utility billing and collection for metered and non-metered systems; tax collection; business licenses; permits and inspections; code enforcement; citizen complaint tracking; public sector pension fund management; student information systems that manage, among other things, scheduling, grades, and attendance; and student transportation solutions that manage bus routing, fleet management, field trips and other related functions.

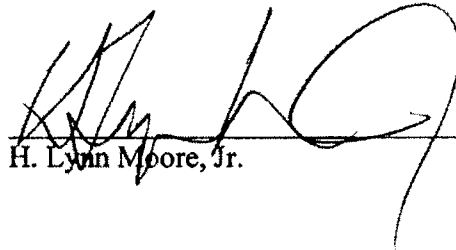
13. Tyler's City Solutions (Small Cities) group includes four principal business lines: (a) financial management solutions for small-sized cities and towns; (b) public safety solutions; (c) municipal court solutions; and (d) public records and content management. Included within this group is the flagship office of the former subsidiary, "INCODE, Inc." based in Lubbock, Texas, as well as at least three other divisions representing former companies acquired by Tyler. There are 8 physical office locations within Tyler's City Solutions (Small Cities) group. The products offered by these various offices include, without limitation, solutions for modular fund accounting, utility billing, municipal court, parking tickets, law enforcement (from dispatch and records management through booking and jail management), ambulance billing, fleet management, cemetery records management, and public records and content management (recording, scanning, and indexing of public records such as deeds, mortgages, liens, UCC financing statements, and vital records).

14. Tyler's Courts and Justice group includes Tyler's entire suite of judicial solutions through the flagship office of the former subsidiary, "The Software Group, Inc." based in Plano, TX. This group has one office location. The products offered by this office include, without limitation, Tyler's unified court case management system that automates the tracking and management of information in all case types (criminal, civil, traffic, family, probate, and juvenile courts), municipal court, police and sheriff functions, prosecutor, and supervision and probation. This group also offers property appraisal and tax solutions.

15. Tyler's Property Appraisal and Tax group includes Tyler's property appraisal and tax solutions with the flagship office of the former subsidiary, "CLT Company" based in Dayton, OH. This group has 8 office locations. The products offered by this office include, without limitation, systems that automate the appraisal and assessment of real and personal property

(including record keeping, mass appraisal, inquiry and protest tracking, appraisal and tax roll generation), tax statement processing, and electronic state-level reporting. This group also provides property appraisal outsourcing services for local government taxing authorities.

Executed this 12th day of May, 2009 in Dallas, Texas.



H. Lynn Moore, Jr.